

EUROPEAN NEWS

Tax cut of 5% expected next year

INCOME tax is likely to be cut by 5 per cent next year in France...

French plan to aid new business

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday announced details of a financial scheme intended to help those seeking to set up in business on their own.

Czech economy exceeds growth forecasts

BY OUR BERLIN CORRESPONDENT

THE CZECHOSLOVAK economy picked up momentum in the first half of this year...

Honecker decision soon on Bonn visit

By Leslie Collitt in Berlin

EAST GERMANY'S President, Herr Erich Honecker, is expected to say shortly whether he will make his planned trip to West Germany...

Kyprianou agrees to UN mediation attempt on Cyprus

BY ANDRIANA IERODIACONOU IN ATHENS

PRESIDENT Spyros Kyprianou of Cyprus has accepted a UN proposal for indirect negotiations with the Turkish Cypriots...



Perez de Cuellar dialogue

He made his decision known in Athens yesterday at the end of two days of talks with the Greek Government.

Norwegian study calls for sweeping tax changes

BY FAY GJESTER IN OSLO

FAR-REACHING changes in Norway's income-tax system are recommended in a Royal Commission report.

Hungarian biographies 'a sensation'

BY LESLIE COLLITT IN BERLIN

HUNGARY HAS broken with a communist tradition of rewriting history to conform wholly with ideology in an unusual series of biographies of the country's post-war communist and non-communist politicians...

Divers work on N-cargo wreck

ROTTERDAM - Divers worked to plug a fuel oil leak on the sunken French freighter Mont Louis...

Rotterdam - Divers worked to plug a fuel oil leak on the sunken French freighter Mont Louis yesterday as experts prepared to determine if any radioactivity had escaped...

Vienna urged to let the train take the strain

BY PARTRICK BLUM IN VIENNA

AUSTRIA'S STATE railways are pressing the government to put into effect its plan to divert on to trains road traffic in transit across the country.

David Barchard on the rise of Islam in increasingly secular daily life Turkey's quiet religious revival

IN A fashionable bookshop in the heart of Ankara two smartly dressed Turkish women browse through a range of magazines. Ignoring Vance Packard, the Bermuda Triangle, and sets of international best-sellers...

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D.C. DM 300,000,000 8 1/2% Deutsche Mark Bonds of 1984, due 1994. Includes logos for Deutsche Bank, Dresdner Bank, and others.

UK NEWS

Miners plan to picket Congress and all pits

BY OUR INDUSTRIAL STAFF

LEADERS of the striking miners yesterday announced plans for a mass picket of every pit, coking plant and workshop on Monday... The general council, meeting in Brighton yesterday, held a lengthy and at times heated debate on the level of support it could offer the miners...

Tory MP launches plan to cut jobless

By Ivor Owen

A PROGRAMME for keeping 1m people in employment at a net cost of less than £1bn a year was launched yesterday by Sir Philip Goodhart, a Conservative MP and former junior minister...

John Lloyd, Industrial Editor, looks at the next head of the trade union movement

Willis, the puzzle, set to take over TUC leadership

EVERYONE SAYS Norman Willis is a puzzle. No one knows what he might be capable of. Some who profess to know dismiss him as a buffoon; while others reckon he could knit together the schismatic Trades Union Congress (TUC) and usher in a new era...

His jolly sociability and stream of jokes made him popular on the radio and in the pub afterwards (and discouraged many from taking him seriously)...

The signs are that he will try to run an informal, open, endlessly consultative TUC, aiming at dissolving tensions and conflicts through discussion and compromise...

Mr Willis got the job because he will try to run an informal, open, endlessly consultative TUC, aiming at dissolving tensions and conflicts through discussion and compromise...

UK leads in diesel generator exports

BY DAVID LAWSON

BRITAIN has become the world's leading exporter of diesel-powered generating sets. Last year the industry overtook the lead held by the U.S. and preliminary figures show that the UK is holding its position in 1984...

markets were also found in Angola and South America, while business grew in Nigeria and the Middle East, according to Mr Iain Dale, chairman of the Association of British Generating Set Manufacturers...

Oil demand trebles at power stations

BY MAURICE SAMUELSON

BRITAIN'S electricity industry cut its consumption of oil by 38.5 per cent in the first three half months of the miners' strike, while oil purchases by the industry more than trebled...

Information industry forms policy group

By Raymond Snoddy

NEARLY 30 organisations and associations in Britain's information industries are setting up a confederation to try to expand the market for their products and services...

Jenkin defends state's strategy on grants

BY DAVID HELLIER

THE GOVERNMENT has rejected some conclusions of a report that calls for major changes in the way grants are distributed to local authorities...

Oil price cut 'would aid growth'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A FALL in the international price of oil would help the British economy by stimulating economic growth and helping to cut unemployment...

Vauxhall lays off staff after unofficial strikes

BY OUR LABOUR CORRESPONDENT

MORE THAN 3,000 Vauxhall workers were laid off yesterday in a long-running bonus scheme row. Soon after bodyshop workers voted to walk out of their car plant at Luton, the company laid off almost half the factory's production force...

Table with columns for bank names and interest rates. Includes A.B.N. Bank, Allied Irish Bank, Anglo Bank, etc.

European tourism expected to grow

BY ARTHUR SANDLES

THE WILLINGNESS of Europeans to take holidays has nowhere near reached its peak and the number of tourists will continue to increase, according to Professor Rik Medlik in a review of European holiday patterns...

It would also add about 1 1/2 percentage points to the inflation rate after three years. The centre makes the point, however, that the fall in the exchange rate associated with a fall in the oil price would not by itself be inflationary...

France and Germany to reach those levels, with over 60 per cent of the population taking at least one long holiday away from home...

European tourism expected to grow

BY ARTHUR SANDLES

THE WILLINGNESS of Europeans to take holidays has nowhere near reached its peak and the number of tourists will continue to increase, according to Professor Rik Medlik...

French holidays 'have been seemingly little affected by the recession'. The biggest European decline in the long-haul market has been the decline in the number of Britons going to the U.S.

European tourism expected to grow

THE WILLINGNESS of Europeans to take holidays has nowhere near reached its peak and the number of tourists will continue to increase, according to Professor Rik Medlik...

International Standard Electric Corporation

9% Sinking Fund Debentures, due October 1, 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated October 1, 1971 between International Standard Electric Corporation and European American Bank & Trust Company, \$1,698,000 in principal amount of 9% Sinking Fund Debentures...

Table of coupon debentures with columns for serial number, amount, and interest rate.

On October 1, 1984, the date fixed for redemption, there will become due and payable on the Debentures to be redeemed the principal amount thereof together with interest accrued to the date fixed for redemption...

International Standard Electric Corporation

By: European American Bank & Trust Company as Trustee

ADR and arbitration in competition

THE ALTERNATIVE dispute resolution (ADR) described in this column last week, has started 'an explosion of research and legislative endorsement' in the U.S., according to the American Arbitration Association.

Obviously it has many supporters; it also has critics. At the special session of the International Chamber of Commerce Congress held in Stockholm recently, Mr J. Gillis Wetter, a Swedish Solicitor-Royal and the author of a five-volume compendium on The International Arbitral Process, had no doubt that it was a gimmick which could not, and should not, replace the established methods of settling disputes by litigation or arbitration.

The frustration of UK business with the judicial procedures available for settlement of disputes has led to the creation of Royal Commissions and committees, but nothing else. Earlier this year the Lord Chancellor appointed a special departmental working party to consider the issues involved.

In addition to the mini-trial, in which the executives of the companies in dispute are usually assisted by a neutral chairman or adviser who makes a guess at the probable outcome of litigation and thus provides a guideline for settlement, other ADR methods are being developed, some deviating only very little from conventional litigation.

In this category falls the 'rent-a-judge' system made available by legislation adopted, on the model of California, in New York, Oregon, Washington, Nebraska and Rhode Island. In these states parties can jointly ask the court to appoint a referee, possibly of their own choice. With the exception of contempt-of-court sanctions, this referee has the same powers as a trial judge and conducts the proceedings according to normal court procedure. His judgment is appealable or enforceable in the same way as any other.

The parties have to pay the judge, but this is probably more than compensated for by being able to obtain a decision much faster than going to court. They can choose someone with experience in the field who will be able to give the trial most of his time, instead of restricting the hearing to one day in the week as a busy judge might have to do in order to keep his court open to other petitioners.

It has been estimated that U.S. corporations spend about \$200m a year on litigation including the pre-trial procedures. In fact, the pre-trial stage characterised in the U.S. by enormously extensive discovery - obtaining of documents and evidence from the parties, as well as from third parties - may be responsible for a large proportion of the overall costs.

When acting for a big and financially strong client, lawyers will often truckloads of documents and hire researchers to go through them with a fine toothcomb, looking not only for evidence in support of claims already made but also for material which could be used for further complaints. The ADR Service of the Federal Bar Council, instituted in 1982, is a reaction to this particular problem.

In using the Federal Bar Council's scheme, the parties agree on an experienced trial lawyer to serve either as 'special counsel' - a mediator - or as 'adjudicator' making an award on the merits of the case. They agree on a fixed time schedule and on the fee to be paid to the lawyer. Whether acting as special counsel or as adjudicator, the lawyer appointed by the parties has complete control over the procedure. It is understood that he will not adopt the conventional U.S. adversary procedures with their discovery clauses and numerous laboratory motions and other diversions.

This lawyer's role has been likened to that of an investigating magistrate in civil law jurisdictions. This analogy limps somewhat as the investigating magistrate appears only in criminal prosecutions. The scheme is evidently capable of tempering the adversary habits of U.S. lawyers, however, by giving greater judicial control over the proceedings to the person called on to decide.

Mr Wetter is clearly not much impressed by the various ADR schemes. He prefers, on the international level at least, arbitration. It is also true, however, as pointed out by Professor Clive M. Schmitthoff that English arbitrators, like English courts, have no power to adapt a long-term contract to changed circumstances, unforeseen by the parties. Unless the contract contains a hardship clause, or gives to a third party the power to develop the contract fairly to both sides, either by recommendations or in a binding fashion, a settlement by negotiation or with the help of an ADR procedure will be the only commercial possibility.

In the end, Mr Wetter unwittingly provides the strongest argument for ADR. Although he rejects mediation and conciliation, he claims never to have seen a business dispute which could not be intelligently resolved by businessmen, assisted by able counsel on both sides.

The business executives know the economic and psychological problems, grasp the immediate and future financial impact of decisions... capable counsel appraise the technical, legal and procedural risks... As a team, the executives and their counsel see the trial not as a battle, but as a process to be managed.

Well, what else are ADR schemes but the encouragement and facilitation of such teamwork? A. H. Herrmann, Legal Correspondent

Schmitthoff's Export Trade, 2nd ed., 1984, p. 458, and by the same author 'Hardship and Interpretive Clauses' in the Journal of Business Law (1983), pp 83-84.

European groups face U.S. contract resistance

BY LYNTON MCLAIN IN LONDON

THE U.S. Department of Defense and the U.S. Congress have little interest in large defence products for which U.S. companies are not prime contractors, according to Mr Robert C. Little, vice-president of McDonnell Douglas Corporation.

In a paper on military aircraft and international collaboration delivered in London yesterday at the FT Conference on World Aerospace: After the Recession, Mr Little said he recognised the difficulties that such a stance by the U.S. posed for European aerospace manufacturers.

The U.S. "likes selling to our European allies and the loss of our access to the European market would, in our eyes, be nothing less than an appalling development," he said.

"But we know that Europe wants a meaningful piece of the action, in participation in the development of new techniques in manufacturing and in the benefits that come with meeting the needs of customers in the free world."

Sikorsky Aircraft, the U.S. helicopter manufacturer, which is facing growing competition from Europe, and Agusta, the Italian helicopter company, on the EH-101, and MBB of West Germany, and Aerospaziale of France on the P1150, Mr William F. Paul, the president and chief executive officer of United Technologies' Sikorsky Aircraft division, said.

"However, we have to question the long-term viability of a full-Europe organisation, which attempts to fill the needs of European markets, while excluding U.S. partners from participation in the effort," Mr Paul said.

Mr Paul said that the demise of many of the world's major aircraft manufacturers would be a disaster for the industry.



Over the same period 'we may expect substantial retirement of aircraft. The factors would lead to a requirement for more than 5,000 new aircraft during the next 15 years.' Mr Robbins said that retirement was generated two thirds from growth and a third from retirement of old aircraft.

"There is a very real danger that available European funding will be dissipated to duplicate basic technology already available across the Atlantic. A second, perhaps more dangerous, result of a nationalistic policy is the polarisation of the U.S. industry that is bound to occur," he said.

The collaboration between Rolls-Royce, Pratt & Whitney, Japanese engine, MTU of West Germany, and Fiat of Italy in the International Aero Engine V2500 engine project, "reduced the level of development costs to the level which enables the engine to be developed," Mr Ralph Robbins, director of Rolls-Royce's civil engine group, said.

"Together, we have produced a specification better than any one company could have done alone."

He pointed out that design programmes in aero-engine manufacture required more than 10,000 man-years of effort, and that only two or three years ago "perhaps this is one area where we may be reaching the point of diminishing returns."

Little doubt existed, however, he said that civil aviation was still growing. The forecast average growth of 3 per cent a year in revenue passenger kilometres was expected only two or three years ago. "Perhaps this is one area where we may be reaching the point of diminishing returns."

Mr Robbins said that the industry was still growing. The forecast average growth of 3 per cent a year in revenue passenger kilometres was expected only two or three years ago. "Perhaps this is one area where we may be reaching the point of diminishing returns."

"From the engine manufacturers' point of view, we expect this market to be split into four major thrust categories, considering only the jet aircraft market," Mr Robbins said. The categories were 10,000lbs to 15,000lbs; 20,000lbs to 25,000lbs; 40,000lbs and 50,000lbs or greater.

The large-engine sector, greater than 50,000lbs thrust, represented the largest share of a total market of \$60bn of installed engines over the next 15 years.

Air traffic growth in the next 10 years would be at a lower rate than over the past 10 years, but the equipment requirements of airlines would be "enormous," said Mr Robbins. The president of Pratt & Whitney, United Technologies Corporation, the U.S. aerospace manufacturer, said "World revenue passenger miles in 1994 will be almost 80 per cent greater than last year," he said.

"There has got to be a lot of new aircraft and engines built in the next 10 years to handle this growth. It took 50 years of aviation to get us where we are today. Now we are talking about building the equivalent of 75 per cent of that progress in the next 10 years."

"We are convinced that there will not be three brand new 150-passenger airlines vying for a finite air-line market. There will not be three engine manufacturers vying to power the 150-passenger aircraft," he added.

RAF boosts range capability

THE ROYAL Air Force could deploy the entire 1,600 paratroopers of the newly-formed 6th Para Brigade 3,000 miles non-stop with 21 Hercules transport aircraft, 5 air-to-air refuelling T109 tankers and a complete fighter squadron, Air Marshal Sir Peter Harding, the Vice-Chief of the British Air Staff, said in London at the FT conference yesterday, writes Lynton McLain.

"With the demise of many of our worldwide bases, we may need to project military forces both ground and air, rapidly over considerable distances, at the same time avoiding countries which might not give us diplomatic clearance for over-flight," he said.

Mr Marshall Harding forecast that the modernisation of the Royal Air Force, with the introduction of the Nimrod airborne early warning aircraft and new weapons and radars with a modern command and control system "will transform the air defences of the UK."

Anglo American Industrial Corporation Limited (Incorporated in the Republic of South Africa) INTERIM REPORT FOR THE SIX MONTHS ENDED JUNE 30 1984. Financial statements table with columns for Six months ended, Six months ended, and Year ended. Includes sections for Turnover, Trading profit, Dividends, Expenditure on research and development, Taxation, Profit after taxation, etc.

AIRLEASE INTERNATIONAL FINANCE LIMITED US\$30,000,000 8 1/4% GUARANTEED BONDS 1988

Table of bond listings with columns for Bond No., Issue Date, Maturity Date, and Interest Rate. Includes a list of names and addresses for the Registrar and Trustee.

REPUBLICQUE DU ZAIRE DEPARTEMENT DES TRAVAUX PUBLICS ET DE L'AMENAGEMENT DU TERRITOIRE OFFICE DES ROUTES. Appel d'offres No. OR/SGMT/001/08/84. AVIS D'APPEL D'OFFRES INTERNATIONAL POUR LA FOURNITURE DE BUSES ET LIANT BITUMEUX. Text describing the tender process and terms.

The Bonds were drawn in the presence of Mr. A. G. Rosen, Notary Public and Mr. G. Davis, Kilmartin, Bannockburn, 20 Finchburgh Street, London EC3P 3DB. On or after 1st October 1984, the above Bonds may be presented for redemption at the specified office of the paying agent...

THE PROPERTY MARKET BY MICHAEL CASSELL

Patiently waiting for a real revival

IF 1984 IS TO BE the year when UK property investment shrugs off its tarnished image and regains some of its old glamour...

shops into the portfolio will pay off? Transactions at current levels are clearly carried out on assumptions of future growth...

"unless there is an acceptance of the role of project manager rather than of risk taker." The funds, of course, are well aware that investment in new buildings is a much more risky business...

agents say the growth reflects a continued improvement in letting and investment markets and is in contrast to comparable indices on returns for equities and gilts...

It is a ritual response which merely serves to underline the scarcity of more positive characteristics in the market place. It is clearly still hard for the property practitioners to be bullish about their stock-in-trade...

A Liverpool hit for Royal Life Sale paves way for City offices plan

ROYAL LIFE has wasted no time in finding tenants for all 30 shop units in its Cavern Walk development in Liverpool. The 52m scheme is on the site of the former Cavern Club in Mathew Street...

LONDON & METROPOLITAN Estates has applied for planning permission to develop 260,000 sq ft of offices on the site of the former British House North complex in the City of London. London & Metropolitan, the joint development company owned by London & Edinburgh Trust and Balfour Beatty...

Amalgamated Developers (Projects) is to redevelop Dover's historic Market Square at a cost of £15m. The scheme will include 140,000 sq ft of shopping space in a covered mall, car parking and a refurbishment of the old Market Hall facade. Work should be complete in late 1985.

Domination

The process is likely to have gathered pace since and it follows that institutional dominance in the market will, if anything, intensify. Vaughan says the tendency for pension funds and insurance companies to "do their own thing" would appear to put the traditional developer at an increasing disadvantage.

Low return

The returns are hardly sparkling and JLV revives the "balanced portfolio" argument to promote property as an investment option. They point out that gilt and equity markets can fluctuate sharply as they react to short-term changes in interest rates and confidence and point to property as a way of minimising "the overall volatility of returns."

Contracts and Tenders

RESIDENTIAL BUILDING LAND Approx. 8.69 Acres with outline planning permission for 38 houses & 74 flats FORMER PITT HOUSE SCHOOL TORQUAY DEVON To be Sold by Auction in 3 Lots 3rd October 1984 Ref: R.I.C. LALONDE BROS & PARHAM

OFFICE BLOCK 8,000 SQ. FT. Very large car parking area plus Rent £4 per sq ft D.N.O. Situated in Northampton WAREHOUSE UP TO 60,000 SQ. FT. (available if required, or smaller plots) Very flexible landlord Contract: Tim Pearson or Mike Coleman on 0604 52444 business hours Or apply: Name Mechanical Handling Limited St James Mill Road NORTHAMPTON NN5 5JW

OFFICE DEVELOPMENT SITE CITY OF LONDON EC3 With Outline Planning Consent for 19,000 square feet of Offices at Crosswall, adjoining Fenchurch Street Station. Long Leasehold available by Tender. Apply to: Property Board 226-240 Pentonville Road, London N1 9JZ, Ref: D/FCE. Tel: 01-537 4200. Ext: 68-7.

Company Notices U.S.\$100,000,000 of U.S.\$40,000,000 has been issued as Subordinated Tranche OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT Guaranteed Floating Rate Deposit Guaranteed by THE REPUBLIC OF AUSTRIA

INVITATION FOR PREQUALIFICATION TORC THE THAI OIL REFINERY COMPANY LIMITED SECOND EXPANSION PROJECT The Thai Oil Refinery Company Limited (TORC) is expanding its refinery at Sriracha, Thailand, by the addition of new process units (including a hydro-cracker), offsites, utilities and revamp of existing plant.

EC1 AREA NEW LUXURY OFFICE SUITES AVAILABLE Corporate, fluorescent lighting, ideal for professional firms. All main amenities with receptionist. Short or long term. Apply: Ref. M.S., 01-580 9361

TAX LOSSES WANTED Expanding quoted property group wishes to acquire either one company or three separate companies who have unused tax losses. The companies must be involved in one or more of the following activities: Property Investment (Schedule A) Residential Property Development (Schedule D Case 1) Investment in Listed Investments (Capital Gains Tax)

HASTINGS Low density Office/Industrial sites, suitable for developments from 5,000-150,000 sq ft in Hastings. For details of these and other sites available in Hastings contact: Hastings Borough Council Botolph Road, Hastings East Sussex, TN24 1UT 0424-428306 Bernard Thorpe 1 Hanover Square London W1 01-499 6353

PRIVREDNA BANKA ZAGREB U.S.\$50,000,000 FLOATING RATE NOTE DUE 1985 7 1/2% INTEREST Credit Lyonnais, as fiscal agent in respect of the Note, is now in receipt of funds in respect of: (i) the interest due on the note...

THE THAI OIL REFINERY COMPANY LIMITED SECOND EXPANSION PROJECT TORC wishes to establish the interest and capabilities of international contractors in undertaking this major project. The contractor's scope will include detailed engineering, material supply and construction on a lump sum basis.

Shops and Offices FRESHOLD Shops & Offices W14 CLOSE KENSINGTON HIGH ST in main road position. Ideal for owner occupier or investment. Approx 1,500 sq ft. Rent £125,000. SAMUEL & CO. 01-736 5000

PENTONVILLE ROAD, #1 New Office Suite 2,850 sq. ft. £21,500 p.a.x. D. E. & J. LEVY 01-430 1070

MORTGAGES On Commercial, Industrial, Residential Properties - at competitive rates Write or telephone: HIRSH MORTGAGE (INT'L) LTD Europe's Leading Mortgage Brokers 15 Berkeley Street, W1 Tel: 01-429 9051 - Telex: 26374

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION PLC 10 1/2% Debenture Stock 1989-91 NOTICE IS HEREBY GIVEN THAT THE REGISTER OF THE CORPORATION'S debentures is now open for inspection...

Interested contractors should respond to this advertisement by 5th September 1984 to facilitate the issue of the prequalification package. The Thai Oil Refinery Company Limited, Sarasin Building, 6th Floor, 14 Surasak Road, Bangkok, THAILAND

Offer to shareholders of unrestricted ASEA "A" shares The 1984 Annual Meeting of ASEA AB approved a resolution that shareholders of unrestricted "A" shares should be offered the right to exchange these shares for unrestricted "B" shares.

Offers To Let MAYFAIR - Suites of luxury furnished apartments. Ideal for senior executives. Ideal for senior executives. Allocated Administration 01-493 8166.

GANNON STREET EC4 Economical Office Suite 1,400 Sq. Ft. Approx Ref: ALR JONES LANG WOOTTON Kent House, Telegraph Street Moorgate, London EC2H 7AL 01-438 6040

Legal Notices SENKAM RUBBER COMPANY PLC NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting of the company will be held at the London Club, 15, Old Broad Street, London EC2M 4JH, on Tuesday 28th September 1984, at 12.00 noon.

COMPANHIA VALE DO RIO DOCE BRAZIL CARAJAS IRON ORE PROJECT INVITATION TO BID DIESEL-ELECTRIC OFF-HIGHWAY TRUCKS CVRD - Companhia Vale do Rio Doce will purchase 17 Diesel-Electric Off-Highway Trucks, having 170 short tons of hauling capacity, through International Competitive Bidding.

THE REPUBLIC OF PANAMA U.S. \$20,000,000 6 1/2% 1978/1993 BONDS NOTICE IS HEREBY GIVEN to Bondholders of the above mentioned loan that the principal amount repayable on October 2, 1984, is U.S. \$1,000,000,000.

EMPLOYMENT CONDITIONS ABROAD LIMITED An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide 01-637 7604

INTERNATIONAL PROPERTY APPEARS EVERY FRIDAY SWITZERLAND LAKE GENEVA - MOUNTAIN RESORTS Apartments in Montreux on Lake Geneva. Also available in famous mountain resorts: Villars, Verbier, Les Diablerets, Gstaad, Chamonix, Courmayeur, Les Pruniers in Leysin. Chateaux available. Excellent opportunities for foreigners. Prices from \$600-120,000. Liberal mortgages at 6 1/2% interest.

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THE ARTS



Theatre

WASHINGTON

Master Class (Eisenhower): David Fowall's thoughts on tyranny and artistic freedom as filtered through the gauze of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254-3670).

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic (974-8010).

TOKYO

Cats (Cats Theatre): The special treat theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (330 1001).

LONDON

Little Shop of Horrors (Comedy): Comedy about a rubber-staid is less mad than The Rocky Horror Picture Show but which has a curious charm and an excitingly expanding man-eating prickly plot. (330 2000).

PARIS

Jeux-Loups (Comedy): Prokofiev's opera, directed by Jean-Louis Grigollat. (330 2000).

WEST GERMANY

Berlin, Deutsche Oper: The week starts with Aida, in Italian, with Julia Varady in the title role and Carlo Cazzulani as Radames.

CHICAGO

Ravinia Festival: St Paul Chamber Orchestra plays Strauss's Der Rosenkavalier.

VIENNA

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection.

Cinema/Nigel Andrews Forsyth's saga



Bill Paterson in 'Comfort and Joy'

Mexico, where he bestrides the motley textures of Gabriel Figueroa's photography like a tomato-faced Colossus; heaving into constant close-up and playing gold-medals gymnastics with his epiglottis.

Opera and Ballet

LONDON

English National Opera, Coliseum: The opening performances of the ENO season are given in the form of The Flying Dutchman.

MUSIC

PARIS

Jeux-Loups (Comedy): Prokofiev's opera, directed by Jean-Louis Grigollat. (330 2000).

TOKYO

Jeux-Loups (Comedy): Prokofiev's opera, directed by Jean-Louis Grigollat. (330 2000).

LONDON

London Symphony Orchestra and Chorus conducted by Richard Hickox.

PARIS

Jeux-Loups (Comedy): Prokofiev's opera, directed by Jean-Louis Grigollat. (330 2000).

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Exhibitions

ITALY

Venice: Amidst contemporary justified complaints about the exhibition sites and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most.

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection.

TOKYO

New Stone Age Earthware from Shino collection: 300 items of pottery from the Jomon period (about 4000-250 BC).

PARIS

Musee de l'Orangerie: The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum.

WEST GERMANY

Dischneider, Heitzmann-Museum: 4 Schulwerke from the 19th century anniversary of the museum, specialising in china, ceramics and glass.

CHICAGO

Ravinia Festival: St Paul Chamber Orchestra plays Strauss's Der Rosenkavalier.

VIENNA

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection.

WEST GERMANY

Dischneider, Heitzmann-Museum: 4 Schulwerke from the 19th century anniversary of the museum, specialising in china, ceramics and glass.

Comfort and Joy, directed by Bill Forsyth

The film's first half is as good as anything Bill Forsyth has done. Our hero's girlfriend (Eleanor David) walks out of his life, coolly stripping his flat of her possessions.

Paris Opera Ballet/Edinburgh Festival

The Paris Opera Ballet's repertoire is rich and varied, and this week in the charming barn of the Playhouse, is a characteristically intelligent assembly of dance works which span from the 17th century to the present.

Danny and the Deep Blue Sea

After an appearance as a working script last summer at the Obello Theatre Center in Connecticut, John Patrick Shanley's two-act play has not taken long to get to the Circle in the Square in Greenwich Village, New York.

Bricks'n Mortar/Scarborough

Capri has Tiberius; Scarborough has Alan Ayckbourn. Local heroes say a lot about the natives' priorities. Besides being our most prolific playwright, Mr Ayckbourn is Director of Productions at the Stephen Joseph Theatre in the Round, where he is currently putting on a new play by Michael Cushman.

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UK COMPANY NEWS

Low betting margins hit Ladbroke

DESPITE A £2m drop in pre-tax profits at the half-way stage, Ladbroke Group is expecting 1984 to be another good year.



Mr Cyril Stein, chairman of the Ladbroke Group, looking for another good year.

development of Barclays Bank International headquarters on Wall Street, New York. The purchase price is \$14m and cost of refurbishment is put at \$7.5m.

Lasmo foresees benefits from exploration

FIRST HALF net profits of London & Scottish Marine Oil (Lasmo) fell from a restated £16.9m to £13.2m, and this was reduced further by a £9m provision for deferred tax thrown up on this year's Budget changes.

wells, particularly those on T Block, Joanne and Block 22/19. The worldwide exploration programme, planned over the past few years, is bearing fruit.

Capital expenditure in the first half of this year was £40m. In the second half it is expected to be around £50m. Cash flow for the year as a whole, after tax payments, is expected to exceed total capital expenditure.

This represents a change from the treatment adopted where re-determination refunds and charges were taken up in first half 1983 results but is consistent with last year's report and accounts.

Rock in black as remedial action pays off

A return to dealer in engineers' consumable supplies, in the first half of this year and the upturn is expected to continue in the second half.

A SUBSTANTIAL increase in pre-tax profits and a return dividend payments has been forecast for the year end by Glanfield Lawrence along with the interim results.

slipping from 2.6p to 2.4p. While turnover rose by more than 10 per cent, there was only a modest increase in trading profit due mainly to the continuation of an ultra-competitive vehicle market and the effects of the miners' strike—most of group operations being located in areas directly involved.

margins on fleet sales remain tightly tight. The profits improvement comes thanks to £60,000 ruroarred at the Wakefield and Burton-on-Trent dealerships following cost reductions achieved by new management.

First half profit cut at Johnson Cleaners

THE GROUP'S first half profit at Johnson Cleaners has suffered a setback. This meant that profits from trading activities for the first half of 1984 were only maintained, and the pre-tax balance showed a reduction from £2.95m to £2.72m.

Strong growth in Fleet's nationals and magazines

Fleet Holdings' mainstream activities, national newspapers and magazines, achieved strong profit increases in the 1983-84 year and, together with a £4.6m surplus arising from the Reuters flotation, the group's taxable result surged by £12.58m to £22.08m.

Table with columns: Company, Page, Col, Company, Page, Col. Lists companies like Cattle Holdings, Fleet Holdings, etc.

circulation and advertising revenue. Costs were kept under tight control, reflecting realistic wage settlements, and the price of newsprint was contained.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.

U.S. \$60,000,000 Riggs National Corporation

FLOATING RATE SUBORDINATED NOTES DUE 1996

Table listing financial institutions: MORGAN STANLEY INTERNATIONAL, BANQUE PARIBAS, SALOMON BROTHERS INTERNATIONAL LIMITED, etc.

The Notes in the denomination of U.S. \$10,000 or multiples thereof, in the case of Registered Notes, issued at 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note.

Particulars of the Notes and the Issuer are available from Ectel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including September 14, 1984.

Charterhouse hits at N. Sea plan

Charterhouse Petroleum, one of Britain's fastest-growing oil and gas companies, yesterday announced government plans to impose new conditions on North Sea licences.

Expansion by Stewart Plastics

Higher pre-tax profits of £2.31m against £2.59m have been produced by Stewart Plastics for the year to the end of April 1984. Turnover rose from £8.71m to £9.57m.

Granville & Co. Limited

Table with columns: 1983-84 High/Low, Company, Price Change, Gross Yield, P/E, Fully Paid. Lists companies like Ass. Brit. Ind. Ord., etc.

Advertisement for Lombard North Central, showing deposit rates: 10 3/4%, 10 1/4%, 8 1/4%.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized by sector and alphabetically. Includes columns for stock name, price, and change.

Continued on Page 21

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, August 30

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Main table of American stock exchange closing prices, organized in columns by stock symbol and name, including various financial metrics like high, low, and volume.

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by stock symbol and name, including various financial metrics like high, low, and volume.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock, only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA table with columns: Aug. 30, Price, +/-

GERMANY table with columns: Aug. 30, Price, +/-

NORWAY table with columns: Aug. 30, Price, +/-

AUSTRALIA (continued) table with columns: Aug. 30, Price, +/-

JAPAN (continued) table with columns: Aug. 30, Price, +/-

OVER-THE-COUNTER

Over-the-counter market listing with columns: Stock, Price, +/-

Nasdaq national market, closing prices

Nasdaq national market listing with columns: Stock, Price, +/-

LONDON

Chief price changes (in pence unless otherwise indicated)

London market listing with columns: Stock, Price, +/-

BELGIUM/LUXEMBOURG table with columns: Aug. 30, Price, +/-

SPAIN table with columns: Aug. 30, Price, +/-

SWEDEN table with columns: Aug. 30, Price, +/-

HONG KONG table with columns: Aug. 30, Price, +/-

JAPAN table with columns: Aug. 30, Price, +/-

SINGAPORE

Singapore market listing with columns: Aug. 30, Price, +/-

SOUTH AFRICA

South Africa market listing with columns: Aug. 30, Price, +/-

DENMARK table with columns: Aug. 30, Price, +/-

ITALY table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

FRANCE table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

CANADA

Canada market listing with columns: Aug. 30, Price, +/-

FRANCE table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

MONTREAL

Montreal market listing with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

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NETHERLANDS table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

NETHERLANDS table with columns: Aug. 30, Price, +/-

AMERICAN STOCK EXCHANGE CLOSING PRICES

American stock exchange closing prices table with columns: 12 Month, High, Low, Stock, Div. Yld., P/E, 100s High, Low, Close, Prev. Close

AMERICAN STOCK EXCHANGE CLOSING PRICES

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AMERICAN STOCK EXCHANGE CLOSING PRICES

American stock exchange closing prices table with columns: 12 Month, High, Low, Stock, Div. Yld., P/E, 100s High, Low, Close, Prev. Close

Large advertisement for 'WORLD VALUE OF THE OGD 11 every Tuesday in the Financial Times' with a large graphic and text.

MARKET REPORT

Conflicting late reports on dock strike throw markets into confusion

Account Dealing Dates
*First Declared Last Account
Dealings from Dealings Day
July 30 Aug 9 Aug 10 Aug 20
Aug 13 Aug 20 Aug 21 Sept 10
Sept 3 Sept 13 Sept 14 Sept 24

A subdued market of late, privatised motor manufacturer Jaguar drew fresh support and moved up 8 to 350p.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Aug 29, Aug 30, Aug 31, Year Ago. Rows include Government Secs, Fixed Interest, Industrial, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index, High, Low, S.E. Activity. Rows include Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

took the previous day's good gains a stage further. Land Securities rose 6 more to 235p and MFC firm 4 to 315p.

dollar, and closing gains were restricted to around a point. Heavyweights featured, Randfontein 1/2 down at 355p, while rises of around a half point were noted in Southval, 230p, Vaal Reefs, 251p, and President Steyn, 135p.

RECENT ISSUES

Table with columns: Issue Price, Amount, 1984, Stock, Closing Price, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, 1984, Stock, Closing Price, etc.

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, 1984, Stock, Closing Price, etc.

NEW HIGHS AND LOWS FOR 1984

Table with columns: About Laborers, About Laborers, etc.

ACTIVE STOCKS

Table with columns: Stock, No. of Wtd. Shares, Day's Change, etc.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Wtd. Shares, Day's Change, etc.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise/Fall, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Oct., Jan., Apr., Nov., Feb., May.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Index No., Day's Change, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, British Govt., etc.

BRITISH GOVERNMENT INDEX-LINKED STOCKS

Table with columns: All Govt. stocks, 10% Inflation rate, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

COMPOSITES IMPROVE

Business in insurances remained light but Composites moved higher in price. Ahead of their respective interim statements, scheduled for next Wednesday, Sun Alliance rose 5 to 367p and GRS 5 to 506p.

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ACTIVE STOCKS

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RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise/Fall, etc.

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Table with columns: Option, Oct., Jan., Apr., Nov., Feb., May.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

FT LONDON SHARE INFORMATION SERVICE



BRITISH FUNDS

Table of British Funds with columns for Name, Shares, Price, and Yield.

Five to Fifteen Years

Table of funds categorized by 5 to 15 year maturity.

Over Fifteen Years

Table of funds categorized by over 15 year maturity.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of international bank and overseas government sterling issues.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS Building Societies

Table of loans from building societies.

Public Board and Ind.

Table of public board and industrial loans.

Financial

Table of financial instruments.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails.

AMERICANS

Table of American stocks.

CANADIANS

Table of Canadian stocks.

BANKS, HP & LEASING

Table of banks, hire purchase, and leasing companies.

Hire Purchase, Leasing, etc.

Table of hire purchase, leasing, and other services.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit companies.

BEERS, WINES—Cont.

Continuation of beer, wine, and spirit companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads companies.

DRAPERY & STORES—Cont.

Continuation of drapery and stores companies.

ELECTRICALS

Table of electrical companies.

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

DRAPERY AND STORES

Table of drapery and stores companies.

ENGINEERING

Table of engineering companies.

HOTELS AND CATERERS

Table of hotels and caterers companies.

DRAPERY & STORES—Cont.

Continuation of drapery and stores companies.

ELECTRICALS

Table of electrical companies.

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

DRAPERY AND STORES

Table of drapery and stores companies.

ENGINEERING

Table of engineering companies.

HOTELS AND CATERERS

Table of hotels and caterers companies.

ENGINEERING—Continued

Continuation of engineering companies.

ELECTRICALS

Table of electrical companies.

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

DRAPERY AND STORES

Table of drapery and stores companies.

ENGINEERING

Table of engineering companies.

HOTELS AND CATERERS

Table of hotels and caterers companies.

INDUSTRIALS (Misc.)

Large table of miscellaneous industrial companies.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, price change, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Land, Granada, and News International, with columns for stock price, price change, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British American Trust, British Overseas Trust, and British Venture Trust, with columns for stock price, price change, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, price change, and volume.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, price change, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Leather, British Shoes, and British Leather Goods, with columns for stock price, price change, and volume.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, price change, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo Siam, Anglo Dutch, and Anglo American, with columns for stock price, price change, and volume.

INSURANCES

Table of insurance stocks including companies like British American Insurance, British Overseas Insurance, and British Venture Insurance, with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including companies like British Land, Granada, and News International, with columns for stock price, price change, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British American Trust, British Overseas Trust, and British Venture Trust, with columns for stock price, price change, and volume.

INVESTMENT TRUSTS

Table of investment trusts including companies like British American Trust, British Overseas Trust, and British Venture Trust, with columns for stock price, price change, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

DAIWA BANK advertisement with logo and contact information for London and Osaka branches.

MINES—Continued

Table of mine stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, price change, and volume.

PLANTATIONS

Table of plantation stocks including companies like Anglo Siam, Anglo Dutch, and Anglo American, with columns for stock price, price change, and volume.

MINES

Table of mine stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, price change, and volume.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo Siam, Anglo Dutch, and Anglo American, with columns for stock price, price change, and volume.

OPTIONS—3-month call rates

Table of 3-month call rates for various options including Anglo Siam, Anglo Dutch, and Anglo American, with columns for stock price, price change, and volume.

Recent Issues and Rights Page 29. This service is available to every company...

26 AUTHORIZED UNIT TRUSTS

Table listing various authorized unit trusts with columns for trust name, unit price, and percentage change. Includes trusts like Abbey Unit Trust, American Group, and various international and domestic funds.

Table listing various unit trusts with columns for trust name, unit price, and percentage change. Includes trusts like British Group, Canadian Life Unit Trusts, and various international and domestic funds.

FT UNIT TRUST INFORMATION SERVICE

Main table listing a wide variety of unit trusts, including Key Fund Managers, Perpetual Unit Trust, and various international and domestic funds. Includes columns for trust name, unit price, and percentage change.

Table listing various unit trusts, including City of Westminster Assurance, General Pension Unit Trusts, and various international and domestic funds. Includes columns for trust name, unit price, and percentage change.

F.T. CROSSWORD PUZZLE No. 5505

- ACROSS
1 Unlucky for some union, the cabin needs entire rest (8)
10 Record carrier found in the vestry cupboard (5)
11 Held in the new nurse Charles buys (8)
12 Indisposition I have mental breakdown about (7)
13 French, but comes back to see about the twins, perhaps (7)
14 Fight over test circuit (3-2)
15 Used by those aiming to support a view (9)
19 Unusual plea - trace the advocate (9)
20 Charges boys nothing to go (5)
22 Stuffed with material hired last June (7)
25 Earning, you understand, some money by midnight (7)
27 Trick beds little Margaret brought back (9)
28 Can return about something used in prosthetics (5)
29 Those providing meals on wheels? (10, 4)
DOWN
2 Up against one holding a gun, make things comfortable (9)
3 Mark, showing evidence of membership, invited girls' head in (5)
4 Respectable Prue upset the board (9)
5 Causes pain to Ruth's cook (5)
6 Is informed during authentic recital (9)
7 Come after a printers' measure with Susan Little (5)
8 Having nothing initially, on the incline and starting to grow (7)
9 They may be pressed to make progress (8)
15 Carthorse taking round coned group (9)
17 Ministers showing Glen ready for a change (9)
18 Contented, I return the register to an ancient fighter (9)
19 The salesman's back with the new nurse he's studying (7)
21 Happy about food going up, pave way (6)
23 Cunning rider goes outside area (5)
24 Back with a piece of syncopated music by the French composer (5)
26 Medicine that may be mixed with gin (5)

Crossword puzzle grid with numbers 1 through 26 indicating the starting positions for the clues.

Table listing various unit trusts, including TSB Unit Trusts, National Unit Trusts, and various international and domestic funds. Includes columns for trust name, unit price, and percentage change.

Table listing various unit trusts, including British National Life Assurance, and various international and domestic funds. Includes columns for trust name, unit price, and percentage change.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Table of insurance and overseas funds including Sava & Prosper Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including DAL Investments (Ireland) Ltd, British Overseas Investment Trust, and various international investment funds.

Table of money market and bank accounts including Money Market, Trust Funds, Money Market Bank Accounts, and various international investment funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds including Antares Investment Fund SA, Adly Investment, and various international investment funds.

Notes and disclaimers regarding the accuracy of the data and the responsibility of the publisher.

COMMODITIES AND AGRICULTURE

Aluminium price at 17-month low

ALUMINIUM prices fell back on the London Metal Exchange yesterday to the lowest level since March 1967. The three months quotation closed £2.90 down at \$287.75 a tonne, but fell to \$275 in after hours dealings. The cash price closed \$2 lower at \$245.

Supplies concern continues to boost cocoa

CONTINUING concern about the availability of supplies available for nearby delivery helped boost cocoa prices further on the London futures market yesterday.

John Cherrington comments on the results of the June farm census British farmers go for gold in the wheat fields

THE RESULTS of the UK June farm census demonstrate that, like Pavlov's dogs, farmers respond positively to stimuli in this case the possibility of profit. The stimulus is provided by the EEC Common Agricultural Policy's price schedule which encourages them to alter their farming patterns and over-handy to give their results.

UK CEREALS PLANTINGS (000 hectares with proportion of total area planted in brackets) Table with columns for 1974, 1975, 1976 and rows for Wheat, Barley, Oats, and Total.

better than the higher quality milling wheats and malting barleys. As the premiums offered for these seldom make up for the reduced yields as compared with feed grains, most farmers plump for quantity, and will continue to do so.

Hopes high for UK wool

BRITAIN'S wool industry is heading for another strong performance in 1984 following the record dip in the year to last April, the British Wool Marketing Board said yesterday.

Drought warning fails to lift U.S. soybean prices

HOT, dry weather in several mid-western states, while less severe than last year's drought, is cutting into maize yields and may seriously deplete soybean production, according to Dr Norton Strømme.

Thai tapioca rise expected

BANGKOK—Thailand is expected to produce 7.5 to 8m tonnes of tapioca pellets and tapioca chips in the 1984-85 season (July-June), compared with 6.7m the previous year, the Thai Tapioca Trade Association said.

AMERICAN MARKETS

Precious metals were nominally lower in light trading with dealers and the public reluctant to take any positions ahead of the long labour day weekend.

PRICE CHANGES

Table showing price changes for various commodities like Metals, Wheat, and other goods, with columns for Aug. 30, 1984 and Month ago.

BRITISH COMMODITY PRICES

Table showing British commodity prices for Base Metals, Nickel, Copper, Tin, Lead, Zinc, and Aluminium, with columns for a.m., p.m., and official prices.

Wool Futures

Table showing wool futures prices for Sydney Greasy Wool, with columns for various grades and prices.

INDICES

Table showing various financial indices like Financial Times, Dow Jones, and others, with columns for Aug. 29 and Aug. 28.

LONDON OIL

Weaker physicals brought the market in around \$1.50 lower and prices quickly dropped under the morning moving price support.

COPPER

Amalgamated Metal Trading reported that in the morning the London market for copper was quiet.

POTATOES

Having opened weaker, coffee futures rallied in the morning and sub-sequently advanced as early trade gains by the end of the day.

COFFEE

In quiet conditions values opened lower than anticipated as early trade selling created losses of £16-20c.

SPOT PRICES

Table showing spot prices for various commodities like Argentin Light, Diesel Fuel, and others.

TIN

Tin—Morning: Standard: Three months £225.00, 41, High Grade: Three months £230.00.

MEAT/FISH

MEAT COMMISSION—Average last-stock prices at representative markets: GB—Sheep 55.9p per kg live (+0.70).

SOYBEAN MEAL

The London market opened £1.50 lower with active shippers interested in the market.

GOLD MARKETS

Gold fell \$1 1/2 to close at \$348 1/2 in the London bullion market yesterday.

LEAD

In quiet conditions values opened lower than anticipated as early trade selling created losses of £16-20c.

COFFEE

In quiet conditions values opened lower than anticipated as early trade selling created losses of £16-20c.

SOYBEAN OIL

The London market opened £1.50 lower with active shippers interested in the market.

LONDON FUTURES

Table showing London futures prices for various commodities like Gold Bullion, Silver, and others.

ZINC

Zinc—Morning: Three months £220.00, 21, 21.5, Cash 217, three months £225.00.

GRAINS

Business done—Wheat: Sept 103.80, Nov 107.45, Dec 108.15.

WHEAT

Business done—Wheat: Sept 103.80, Nov 107.45, Dec 108.15.

EUROPEAN MARKETS

ROTTERDAM, August 30. Soybeans—(U.S. \$ per tonne), U.S. Sept 203.25, Oct 254, Nov 253.50.

ALUMINIUM

Aluminium—Morning: Three months £260.00, 65.5, 65.5, Cash £245.00.

BARLEY

Business done—Barley: Sept 103.80, Nov 107.45, Dec 108.15.

HEAVY METALS

Business done—Copper: Sept 103.80, Nov 107.45, Dec 108.15.



CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

FINANCIAL FUTURES

Short covering boosts dollar

The dollar was firmer against currencies yesterday, helped by short covering ahead of the long U.S. weekend.

Starting with the dollar weaker at the Frankfurt fixing, the Bundesbank did not intervene at the London Deposit Rate for euros at seven days' notice.

The D-mark was generally weaker at the Frankfurt fixing. The Bundesbank did not intervene at the London Deposit Rate for euros at seven days' notice.

The impact of economic figures has been fairly limited recently. It was the first time the German central bank had not intervened at the fixing since August 12.

Little change

Trading was quiet on the London International Financial Futures Exchange yesterday ahead of the long weekend holiday in the U.S.

Higher interest rates in the minutes of the July Federal Open Market Committee meeting. There was also a general expectation the economic figures released next month will indicate much stronger growth than the latest statistics.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Unit, % change, % change from previous, % change from previous, % change from previous. Includes rows for Belgium, France, Germany, Italy, etc.

THE POUND SPOT AND FORWARD

Table with columns: Aug 30, Day's spread, Close, % change, % change from previous, % change from previous. Includes rows for U.S., Canada, Denmark, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Aug 30, Day's spread, Close, % change, % change from previous, % change from previous. Includes rows for UK, Ireland, Netherlands, etc.

LONDON

Table with columns: Three-month Eurodollar, Spot, Close, High, Low, Prev. Includes rows for Sept, Oct, Nov, Dec, etc.

U.S. TREASURY BONDS

Table with columns: \$1,000,000 2 1/2% of 100%, Close, High, Low, Prev. Includes rows for Sept, Oct, Nov, Dec, etc.

OTHER CURRENCIES

Table with columns: Aug 30, £, \$, Note Rates. Includes rows for Argentina, Australia, Brazil, etc.

CURRENCY MOVEMENTS

Table with columns: Aug 30, Bank of England, Morgan Guaranty, % change. Includes rows for Sterling, Canadian dollar, etc.

CURRENCY RATES

Table with columns: Aug 30, Bank of England, Morgan Guaranty, % change. Includes rows for Sterling, Canadian dollar, etc.

DEUTSCHE MARKS

Table with columns: DM 125,000 per DM, Close, High, Low, Prev. Includes rows for Sept, Oct, Nov, Dec, etc.

CERT. DEPOSIT (MM)

Table with columns: \$1m points of 100%, Close, High, Low, Prev. Includes rows for Sept, Oct, Nov, Dec, etc.

EXCHANGE CROSS RATES

Table with columns: Aug 30, Pound Sterling, U.S. Dollar, Deutsche Mark, etc. Includes rows for Pound Sterling, U.S. Dollar, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Aug 30, Starting, U.S. Dollar, Canadian Dollar, etc. Includes rows for Short term, 1 month, 3 months, etc.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table with columns: Aug 30, Sterling, Interbank, Local Authority, etc. Includes rows for Overnight, One month, Three months, etc.

FT-100 INDEX

Table with columns: Aug 30, Close, High, Low, Prev. Includes rows for Sept, Oct, Nov, Dec, etc.

STERLING (MM) \$ per £

Table with columns: Aug 30, Close, High, Low, Prev. Includes rows for Sept, Oct, Nov, Dec, etc.

MONEY MARKETS

Interest rates were a little easier in London yesterday. There appeared to be no clear overall trend at the market.

UK rates easier where changed

It bought £44m of eligible bank bills at 10 1/2 per cent and in band 4 (64-81 days) 280m of eligible bank bills at 10 1/2 per cent.

MONEY RATES

Table with columns: Aug 30, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin. Includes rows for Overnight, One month, Three months, etc.

WORLD VALUE OF THE DOLLAR

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Includes rows for Afghanistan, Albania, Algeria, etc.

FT-100 INDEX

Table with columns: Aug 30, Close, High, Low, Prev. Includes rows for Sept, Oct, Nov, Dec, etc.

FT LONDON INTERBANK FIXING

Table with columns: LONDON INTERBANK FIXING, (11.00 a.m. August 30), 3 months U.S. dollars. Includes rows for bid 11 7/8, offer 12, etc.

MONEY RATES

Table with columns: Local Auth. (negotiable bonds), Local Authority Deposits, Finance Dept. Deposits, etc. Includes rows for One month, Three months, etc.

MONEY RATES

Table with columns: NEW YORK (Lunchtime), Prime rate, Fed funds, Treasury Bills, etc. Includes rows for One-month, Two-month, Three-month, etc.

MONEY RATES

Table with columns: NEW YORK (Lunchtime), Prime rate, Fed funds, Treasury Bills, etc. Includes rows for One-month, Two-month, Three-month, etc.

MONEY RATES

Table with columns: NEW YORK (Lunchtime), Prime rate, Fed funds, Treasury Bills, etc. Includes rows for One-month, Two-month, Three-month, etc.

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Company Notices

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED 5.425 PER CENT CUMULATIVE FIRST PREFERENCE SHARES OF £2 EACH - DECLARATION OF DIVIDEND No. 6

AZIENDA AUTONOMA DELLE FERROVIE DELLO STATO U.S. \$250,000 Floating Rate Notes 1988 Convertible until February 1986 into 9 1/4 per cent Bonds 1992

S.G. Warburg & Co. Ltd. Agent Bank

ASIA NAVIGATION INTERNATIONAL LIMITED NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a meeting of the holders of the outstanding 6 1/2 per cent. Convertible Guaranteed Bonds 1989...

EXTRAORDINARY RESOLUTION THAT this meeting of the holders of the outstanding 6 1/2 per cent. Convertible Guaranteed Bonds 1989...

PRINCIPAL PAYING AGENTS The Chase Manhattan Bank N.A., Citicorp, and others.

NOTICE IS HEREBY GIVEN that in pursuance of the Scheme of Arrangement, details of which are set out in the Circular dated 31st August 1984...

ASIA NAVIGATION INTERNATIONAL LIMITED 6-1/2 PER CENT. CONVERTIBLE GUARANTEED BONDS 1989

NOTICE TO HOLDERS OF NOTES OF THE ISSUE DATED 1977-1987 OF THE EUROPEAN COAL AND STEEL COMMUNITY

Company Notice, Art Galleries, and other small notices.

Contracts & Tenders section with various notices.

COMPANHIA VALE DO RIO DOCE BRAZIL CARAJAS IRON ORE PROJECT INVITATION TO BID

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 30.

Table of international bond issues with columns for Issuer, Denomination, Bid, Offer, and Yield.

WEEKLY U.S. BOND YIELDS (%)

Table showing weekly U.S. bond yields for various maturities and categories.

United Technologies taps Euro £ market

BY MAGGIE URRY IN LONDON UNITED TECHNOLOGIES, the U.S. electronics, aircraft equipment and buildings group, has carried out some pioneering work in the Euro-bond market...

Denmark plans another big loan prepayment

BY HILARY BARNES IN COPENHAGEN THE DANISH Government announced yesterday that it plans to make another major loan prepayment...

OVER-THE-COUNTER

Table of over-the-counter market data with columns for Stock, Sales, High, Low, Last, and Change.

NEW YORK STOCK INDICES

Table of New York stock indices including Dow Jones, S&P 500, and others.

WORLD CAPITAL MARKETS

Table of world capital markets data for various countries.

STOCKS

Table of stock market data for various companies.

STOCKS

Table of stock market data for various companies.

STOCKS

Table of stock market data for various companies.

FINANCIAL TIMES SURVEY

Malaysia

The Prime Minister, Dr Mahathir, has stamped his impression firmly on the country, changing traditional attitudes. He has faced awkward challenges however on both the political and economic fronts.

Rich nation on the move

EVEN BY the standards of super-endowed, surge-ahead South-East Asia, few countries are blessed with more good fortune than Malaysia. To many it is an equatorial wonderland. If so, the fairy tale has flaws—some of them worrying because they involve sensitive matters of race and religion. Malaysia's story is also one of progress and achievement.

For a start it is a major world producer of five key commodities—rubber, palm oil, tin, timber and pepper. More significantly it has recently joined the privileged ranks of oil and gas exporters.

Secondly, its population is literate, enterprising and, for such a vast country, conveniently small at a mere 15m. It is also ethnically rich, with politically dominant Malays, economically powerful Chinese, Indians and Westerners co-operating peacefully in a common effort—mostly to make money.

Finally, the democratic government, though fêdally complex with its nine sultans and 11-party coalitions, is strong, stable and headed by a highly sophisticated and pragmatic civilian leadership which gets on with its neighbours and is ambitious for progress.

Malaysia regularly chalks up annual real growth rates above 6 per cent, and its currency, the ringgit, is among the strongest in the world. Standards of

living have soared and the inflation rate is under 5 per cent. Unsurprisingly, it is a darling of the international banking community.

Spearheading the leadership is Datuk Seri Dr Mahathir Muhammad, a 59-year-old physician, the first Malaysian Prime Minister not to be connected with the royal establishment or to have been educated in Britain, the old colonial power. Since the moment he took over as leader in 1981, he has steadily increased his hold on power and stamped his impression on everything the Government has done.

He has ordered civil servants to clock in for work, campaigned for greater efficiency and less corruption, and urged ministers

to cut their business ties. He has sought to reform people's attitudes through slogans like Look East (meaning learn from the success of Japan and South Korea), and Malaysia Inc, which simply exhorts the public and private sectors to co-operate more closely.

His "Buy British Last" policy between 1981 and 1983 successfully put ties with London on a reformed and healthier footing, a change due to be consecrated in a visit by Mrs Margaret Thatcher next month—increasingly, the first official visit by a British Prime Minister since independence in 1957.

Not everything has gone directly Dr Mahathir's way however, either on the political or the economic front. There have been awkward challenges and difficult battles demanding tricky compromises and reversals of view. Dr Mahathir has carried them off in a manner skilled politicians would applaud.

His biggest economic problem has been the current account of the balance of payments. The Government attempted to spend its way through the 1980-82 western recession, but it lasted longer than expected. Exports suffered but imports soared, fuelled by heavy foreign borrowing which is now bringing burdensome debt repayments.

Rather than risk damaging its excellent credit rating, the Gov-

ernment reversed its counter-cyclical strategy and cut public spending. The current account deficit, while narrowing from record highs, remains unacceptably large, reflecting a worrying invisible gap caused principally by high interest repayments, which will peak in 1987. Foreign borrowing is being reduced.

The cuts have meant a postponement of much-awaited plans to shift Malaysia into heavy industry. Projects already committed contractually have gone ahead, including the controversial "Made in Malaysia" car, but others have been shelved.

A current economic review is casting the net wider. Malaysia wants to expand the existing manufacturing sector from its narrow base in electronics and textiles to take in resource-intensive industries, and to regenerate the non-plantation agricultural sector, which has lost so much of its dynamism that the country cannot feed itself.

Buzzword

The present buzzword is "privatisation," reflecting the realisation that the public sector has grown too large. There is to be a reduced government role in telecommunications, the national airline, railways and ports, and a much-boosted role for the private sector.

All this has entailed another crucial change in official thinking, involving the very cornerstone of the Government's political and economic strategy, the 20-year New Economic Policy. The Government this year explicitly acknowledged that the targets of this policy will not

be met for 1981-85, and may not be met by 1990, when it is due to expire.

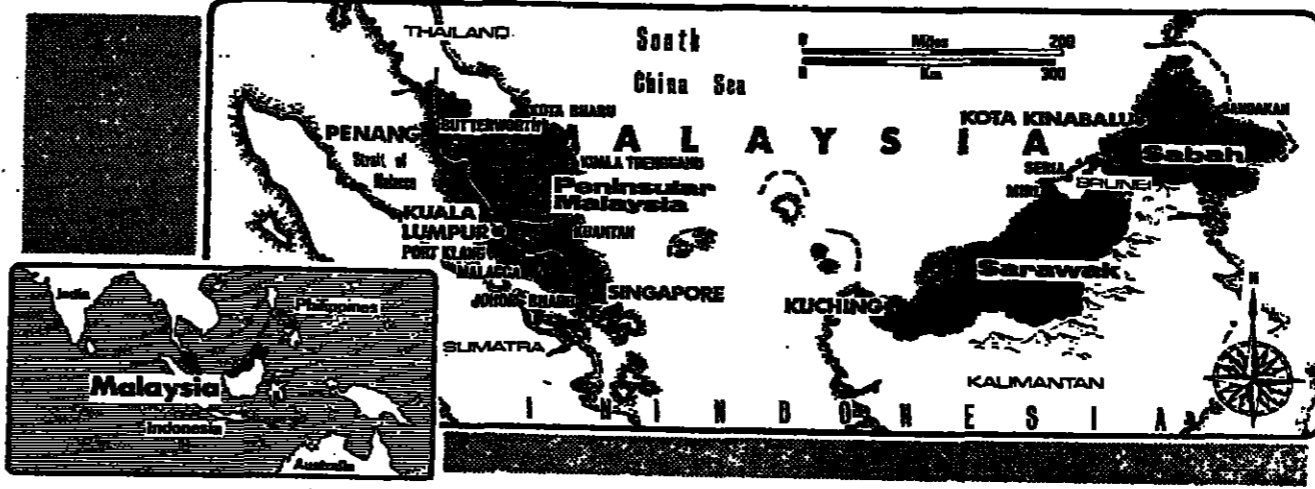
The New Economic Policy was introduced after Malay-Chinese racial tensions burst to the surface in riots in 1969 after a disappointing Malay showing in elections. A famous diagnosis at the time by Dr Mahathir himself concluded that the economic gap between the poorer Malays and the richer communities had to be reduced to avoid a repetition.

It resulted in the present policy, which aims to give bumiputras (indigenous Malays) a greater share in the wealth and income of the country.

This "restructuring" has been funded out of economic growth rather than at the direct expense of the local Chinese or foreign business communities. From a level of 4.3 per cent in 1970, the bumiputras share of corporate equity—the standard measure of progress—is now forecast at 21.9 per cent for 1985, against a hoped-for 23 per cent. The 1990 target of 30 per cent remains.

The Government, realising the need for foreign equity investment in the current economic circumstances, has now acknowledged that the policy may have deterred such investment in the past, despite liberal incentives and minimal foreign exchange restrictions.

In May Dr Mahathir announced that foreigners, who previously could rarely expect to retain more than 30 per cent stakes in their Malaysian operations, would be allowed to hold a majority stake in certain kinds of venture. Officials say the policy could be modified still further after the current economic review.



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- Privatisation 6

Design: Philip Hunt
Editorial production: Arthur Dawson

BASIC STATISTICS

Area: Peninsular Malaysia	132,000 sq km
Sarawak & Sabah	282,000 sq km
Population 1983	14.8m
(rate of growth 2.5 per cent)	
Composition of population:	
Malays	48 per cent
Chinese	24 per cent
Indians	9 per cent
Other	9 per cent
Currency (M\$2.33 = US\$1)	Ringgit (RM)
Current account deficit (1983)	M\$6.7bn
Current account deficit (1984 forecast)	M\$5.5bn
Visible trade surplus (1984 forecast)	M\$4bn
Real growth in gross domestic product (1983)	5.8 per cent
(Forecast 1984)	6.7 per cent
Per capita gross national product (1983)	4,943 ringgit
External debt (1983)	US\$12.3bn (30,95bn ringgit)
Debt service ratio (1983)	9.2 per cent
Reserves (1983)	M\$9.44bn

the Malay way to give leaders the benefit of the doubt and partly because he is seen to be sincere.

In May, he and his powerful No 2, Datuk Musa Hitam—known together as "The Two Ms"—emerged strengthened from elections to the main party posts at the congress of the United Malays National Organisation, or Umno. As Umno dominates Malay politics, and Malay politics is effectively Malaysian politics, the succession appears confirmed.

That hardly means an end to the country's effervescent politics, however. In a Cabinet reshuffle last month, Tengku Razaleigh Hamzah, the influential Finance Minister, was demoted. His unexpected replacement was Mr Daini Zainuddin, a businessman and close associate of Dr Mahathir whose appointment probably surprised Datuk Musa as much as everyone else.

No one now doubts that Dr Mahathir has consolidated his position, a view reinforced by his shake-up this year of the army top brass. All eyes are now turning to the next party and general elections due in 1987.

Dr Mahathir is widely expected to seek another term in order to see his ambitious policies through the key year of 1990.

Casting a large shadow over this bright picture are some darker facets of Malaysian affairs, some of which give the country a poor image abroad. The cancellation of the New York Philharmonic's Malaysian performances next month because of government unhappiness over a Jewish score is one example. The Bank Bumiputra scandal is another.

There is also a worrying growth of Islamic fundamentalism which threatens divisions in the Malay community, a shortage of spirited racial co-operation among the various communities, a less than vibrant press and extremely tough powers of detention.

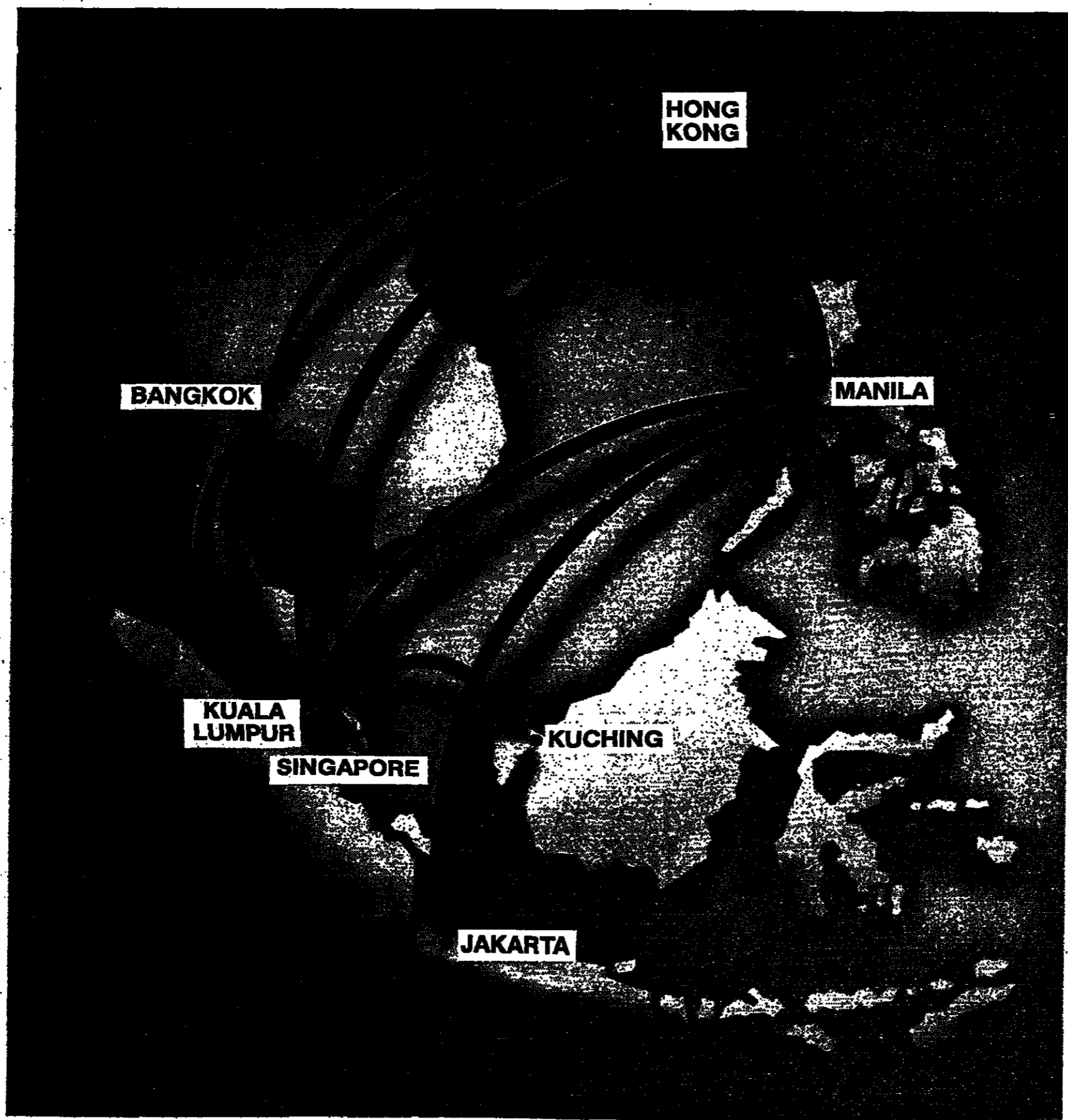
Rapid migration has added the squalor of squatter populations to rural poverty, while disparities in wealth remain large and a growing middle class has soaring expectations. A still-overmanned bureaucracy means irritating inefficiencies, and there is misuse of patronage and blatant corruption. Dubious dealings abound in the stock market and corporate sector generally.

Dominated

The Government is aware of all this and is not sitting on its hands. It is now dominated by young, highly educated professionals who have made their own way to the top. Many owe loyalty to Dr Mahathir. Most share his hopes of transforming the country into another of Asia's Little Dragons, like South Korea or Taiwan.

Once sleepy Kuala Lumpur, still one of the most attractive capitals in the region, has already been transformed into a modern maze of skyscrapers and highways surrounded by industrial estates and leafy suburbs. The country is a myriad of scenic mountains, dense jungles, vast plantations and sandy beaches.

Malaysia, in short, is a rich country on the move. It now wants others to sit up and take notice.



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MALAYSIA 2

Umno remains unchallenged driving force



The May elections gave a clear victory to the "two Ms." Dr Mahathir Mohamad, Prime Minister, and his deputy, Datuk Musa Hitam (right).

Nothing changed at state level, where all problems had occurred in the past. The whole affair did nothing to influence the outcome of the election of a monarch, since one of the two candidates unexpectedly died.

Reshuffle

In the Cabinet reshuffle he kept Tengku Razaleigh, acknowledging Razaleigh's continued support but demoting him to the Trade and Industry Ministry. He also removed Razaleigh from key Umno posts.

Severe cutback

Tough government budget constraints have since forced a severe cutback in both those plans and operational expenditures, but Vietnam has begun to look less threatening.

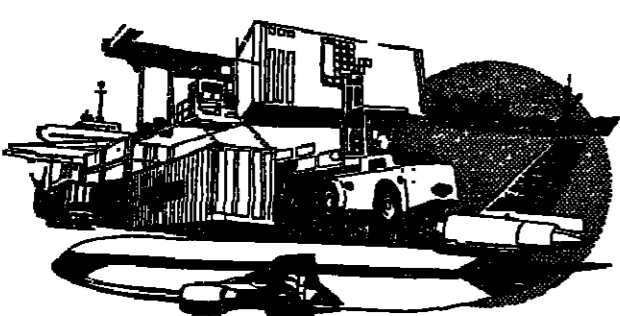
Healthier footing

A high-powered Malaysia-British Association, with a counterpart in London, is to be launched at the big summit in Kuala Lumpur attended by dignitaries from both sides.

Buy from SABAH through 'SAMA'

Advertisement for SAMA (Sabah Marketing Corporation Sdn Bhd) listing products like oil, seeds, spices, coffee, and tea, and providing contact information for Sabah Marketing Corporation Sdn Bhd.

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Politics

CHRIS SHERWELL

IT IS sometimes said that the real test of political leadership is an ability to reverse a position—or to push it to the limit—without losing party or public support.

It also underlined an axiom of Malaysian affairs, which is that they are dominated by Malay politics, and specifically the attitudes of the United Malays National Organisation, known as Umno.

Pas. It is an extreme Moslem grouping which has campaigned so vocally and so worriedly the Government that its political meetings in four northern states were banned earlier this month.

Relations change under Mahathir's "Look East" policy Trade takes a dominant role

Foreign policy

CHRIS SHERWELL

BY ITS very nature Malaysia cannot afford to be anything other than outward looking. It shares a language with countries far beyond its borders, with Indonesia, Singapore and Brunei, and an official religion which spreads still further to the whole Islamic world.

tors can be illustrated by the perhaps exceptional example of the Soviet Union, which has bought so much from Malaysia, mostly primary commodities, that the Kuala Lumpur Government is to purchase two Soviet helicopters to help to correct the imbalance.

Security factors also weigh heavily in Malaysia's foreign policy, and several recent developments point to significant changes. The most important came in June 1983, when Malaysia put troops on the tiny island of Langkai, in the middle of the South China Sea.

Advertisement for The Centre for British Teachers Limited, listing services like worldwide experience in teaching English and a list of contact details.

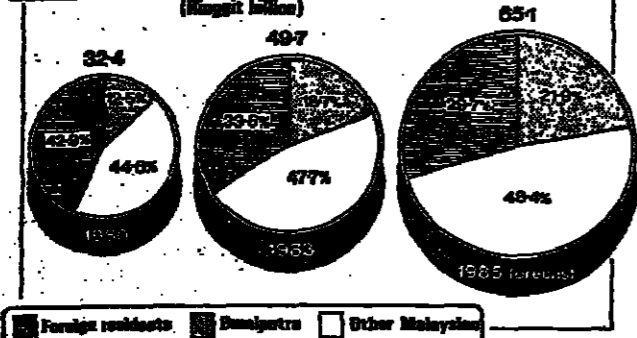
Large advertisement for Standard Chartered bank with the headline 'MORE LOCATIONS. FEWER DISLOCATIONS. That's the difference'.

Standard Chartered logo and details: Direct banking, worldwide. Standard Chartered Bank PLC, Head Office: 10 Clements Lane, London EC4N 7AB.

Handwritten signature in Malay script.

MALAYSIA 3

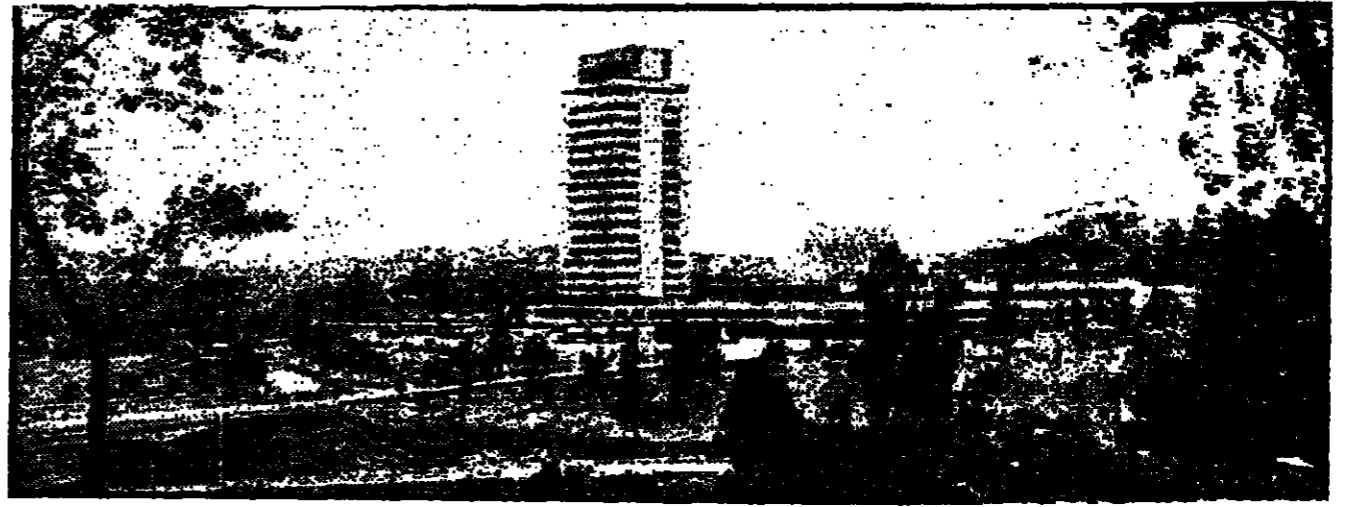
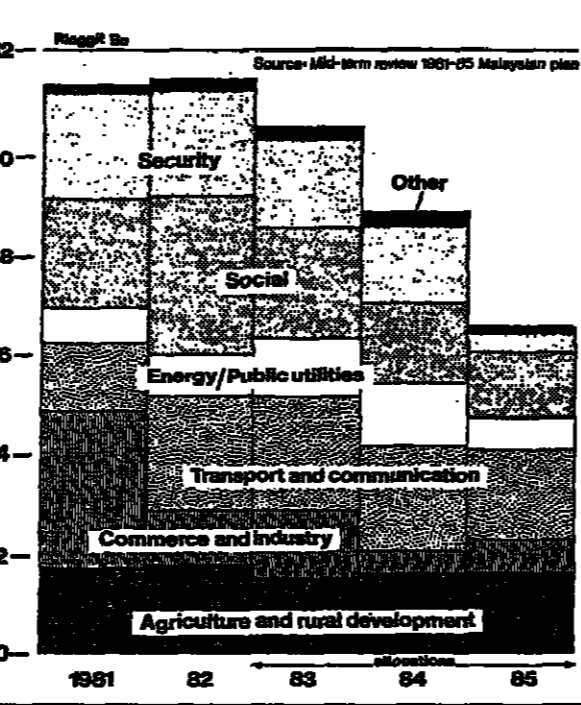
HOW OWNERSHIP OF SHARE CAPITAL HAS CHANGED IN THE CORPORATE SECTOR



The chart shows how the bumiputra share of a growing corporate cake has increased. The size of the cake is projected to double between 1980 and 1985. In 1970, when the New Economic Policy began, the bumiputra share was only 4.3 per cent. The target for 1990, when the policy expires, is 30 per cent.

The figures need some qualifications. First, much depends on the valuations themselves. In 1980, the size of the cake was put at 26.5bn ringgit. The 32.4bn figure above is a 1983 revision. Second, it is apparent that the share for "Other Malaysians" has already

Federal government development expenditure by sector



TERRY KING

BALANCE OF PAYMENTS

	(Ringgit emp)		
	1981	1982	1983
Exports	26,964	27,967	32,163
Imports	26,832	29,166	30,532
Trade balance	-29	-1,199	+1,631
Services balance	-5,289	-6,021	-5,295
Net transfers	-78	-78	-50
Current account balance	-5,406	-7,293	-6,714
Overall balance	-1,093	-614	-55

PUBLIC SECTOR SPENDING

	ringgit (bn)	
	1983	1984
Current spending	37.07	29.24
Current revenues	31.39	33.44
Current balance	+4.32	+6.50
Development spending	15.63	14.51
Overall deficit	-11.31	-8.31

Parliament Buildings in Kuala Lumpur. Next month's budget proposals are likely to spell out further measures to cut foreign borrowing

Why development expenditure had to be trimmed

Economy

CHRIS SHERWELL

ONLY ONE issue dominates assessments of Malaysia's immediate economic prospects: the persistent current account deficit on the balance of payments.

It has forced Dr Mahathir Mohamed, the Prime Minister, to reverse the Government's economic policies and to review its whole long-term strategy.

That is because Malaysia, as a major world producer of five key commodities, oil and gas, electronic and building materials, is critically dependent on world markets. Quite simply, its natural economic assets can occasionally be a serious weakness.

Even so, Malaysia's real annual growth rates have rarely fallen below 6 per cent and between 1976 and 1981 the rise in gross domestic product fell below 7 per cent only once. But 1982 saw 5.2 per cent, and 1983 5.6 per cent.

While this year's forecast is for 6.7 per cent, the bitter experiences of the recent past suggest that Malaysia may have to tolerate slightly reduced growth rates in future.

Malaysia sought to escape the impact of the world recession that followed the 1979 oil shock through a Keynesian counter-cyclical public spending programme. The Government reasoned that money which couldn't be stamped up locally could be raised on the most possible terms.

But the recession went on far longer than expected, and Malaysian public finances couldn't stand the pace. Programmes were so ambitious and foreign borrowing rose so fast that the Government's budget and the balance of payments threatened to get out of control, jeopardising the country's excellent credit standing internationally.

Dr Mahathir, having arrived in power in 1981, called an election in April 1982, which meant that action had to wait. It came in the October 1983 budget and was followed later by a painful review of public spending.

Just how far-reaching and necessary the changes were was

revealed in the October 1983 budget, the mid-term review of the 1981-85 Fourth Malaysia Plan (which came out last March) and the annual report of Bank Negara, the central bank (also out in March).

Serious deficit

Crucially, the merchandise trade balance went into serious deficit for the first time ever—1.3bn ringgit in 1983. In the same year the current account deficit hit a record 7.3bn ringgit, equivalent to 12.4 per cent of gross national product and 36 per cent higher than in 1981.

For the second year running, Malaysia recorded an overall deficit on the balance of payments.

Behind this worsening picture was a deterioration in domestic finances for the whole public sector—the Federal Government, 13 state governments, 14 public authorities and another 13 so-called "off-budget agencies". The public authorities include the ports, railways, telecommunications department and municipal councils.

The off-budget agencies—which have had an impact even though the government is only now coming to grips with—include

the Heavy Industries Corporation (Hicom), Petronas (the state oil corporation) and Malaysian Airlines.

Taking these all together, Malaysia's overall public sector deficit soared to 11.3bn ringgit in 1983, equivalent to almost 19 per cent of GNP. This was the net result of a huge 15.6bn ringgit in development spending for current revenues and expenditure.

Sustaining the trend was a leap in foreign borrowing which took Malaysia's external debt from 15.4bn ringgit to 24.5bn ringgit in a year.

Mainly some action was necessary. The Government curbed operational expenditures by slowing down recruitment to an already overmanned civil service and by reducing subsidies on items like rice and kerosene.

Revenues held up well, although the tax net still needs to be widened further. The real trimming was in development expenditure.

So while the current surplus was improved in 1983, and is expected to be still higher this year, development spending, which came down by an overall

1bn ringgit in 1983 thanks to cuts in Federal Government projects, is expected to be trimmed still further this year with better control of the off-budget agencies.

As a result, the overall deficit, which fell to just over 8bn ringgit in 1983 (around 12.5 per cent of GNP), is confidently expected to fall to about 7.5bn ringgit this year.

According to the mid-term review of the Fourth Plan, the brunt of the cuts in Federal Government development spending are to be borne, this year and next, by the defence sector.

Savings must be found from the off-budget agencies because their development spending actually rose 29 per cent in 1983 and 42 per cent in 1982. Half of the 1983 total of 6.7bn ringgit for these agencies was taken by the electricity, oil and gas sectors alone.

Externally the effect of all this public spending by the end of 1983 was acute. Cumulative foreign borrowing for the first three years of the 1981-85 plan was more than 13bn ringgit, against a planned 4bn ringgit for the whole five years. Total external debt soared to 30.5bn

ringgit while the debt service ratio climbed to 9.2 per cent, higher than ever before.

Even so, the Government seems confident enough about the actions it has taken to be now considering demands for income tax cuts at higher levels in the forthcoming budget. If this happens the leakage may well have to be recouped through increased contributions by employers and employees to the national provident fund, which would shift the burden on to those who earn the least.

Improvements

On the external front the Government is forecasting a much narrower current account deficit of 5.5bn ringgit for 1984 after 6.7bn ringgit in 1983 but this trend masks another serious development involving the invisibles account. Much of the current account improvements is due to imports rising more slowly, thanks to Government spending cuts and, more importantly, a strong surge in export revenues.

This has been caused by higher commodity prices, notably for palm oil, but mainly by a sharp rise in oil production to 445,000 barrels a

day (b/d) in the first quarter, well up on last year's average of 380,000 b/d.

Malaysia is not a member of Opec, and has no ceilings to observe. Moreover its first liquid natural gas exports began last year and are expected to rise from 1.7m tonnes to 3m tonnes this year.

Malaysia's visible trade balance is therefore expected to soar back to a surplus of up to 4bn ringgit in 1984. On invisibles, however, the deficit is now forecast at a record 9.5bn ringgit, more than 2bn ringgit higher than was projected even as late as last October's budget.

Dr Mahathir has called it "a cancer," and urged greater emphasis on tourism, more cargo carried in Malaysian ships and more buying on an f.o.b. basis and selling c.i.f.

The main cause, however, is inescapable and for the most part entirely predictable—payments on foreign debt. Like many developing countries, Malaysia faces one vital unknown—a possible rise in Euromarket interest rates.

That is why the country's economic policy-makers had to take the action they did, and

why Malaysia may yet have to seek a refinancing of its debt when servicing reaches a peak in 1987. Devaluation of the ringgit, however, is seen as unnecessary and unhelpful.

Meanwhile, the government is trimming its foreign borrowing. Having borrowed a total of 4.5bn ringgit in 1983, of which 3.2bn ringgit was at market rates, it expects to borrow about 2bn ringgit in the market this year. It has done most of that already—notably in a \$900m (U.S.) 10-year syndicated loan at highly favourable rates.

The implications of all this are clear: a halt in plans for new heavy industries, a long-overdue attempt to widen the manufacturing sector by developing more "downstream" industries based on rubber, palm oil and timber, a revitalisation of the stagnating agricultural sector, a much greater role for private enterprise, and a reform of the New Economic Policy.

The Government has already started on these measures, but more official pronouncements are awaited. The October budget is probably the next major opportunity.

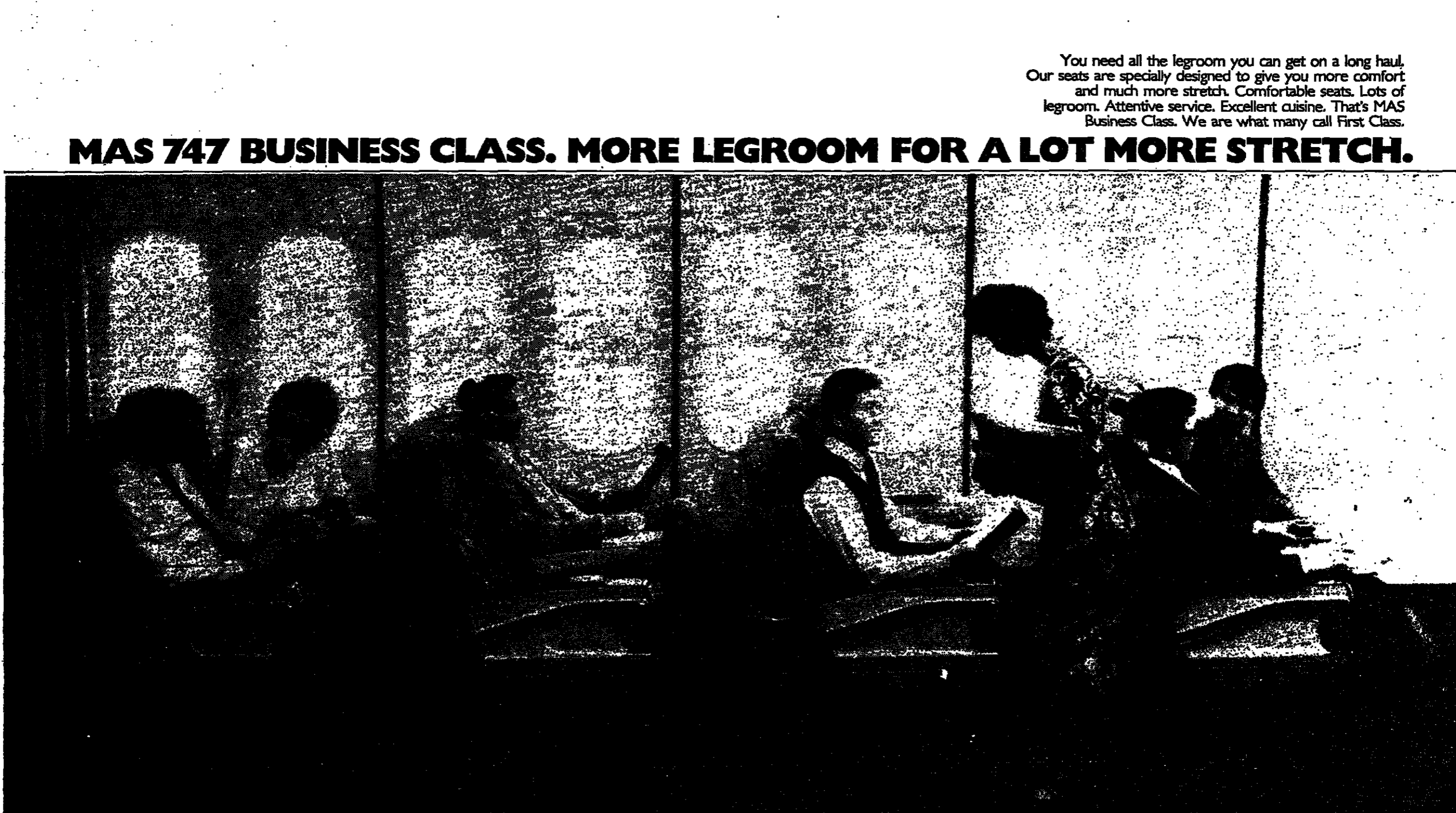
ig force

Reshuffle

Friday August 31 1984

MARKETS

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mas WELL TREAT YOU LIKE GOLD

MALAYSIA 6

Greater professionalism in commodities trading to be encouraged

Ministerial power over KLCE to be strengthened

Stock exchange/Commodities exchange

WONG SULONG

THE four-year-old Kuala Lumpur Commodities Exchange (KLCE) is starting all over again after the disastrous débauché last March. The long-awaited report by the task force...

these two groups of speculators went on for nearly a month, with little intervention by the authorities, until it was too late. There occurred a series of defaults, followed by recriminations and shattered confidence...

urgent matters on trading and disputes. To avoid premature court action, disputes will first be referred to a panel of arbitrators. To raise the financial standing of KLCE members...

uncertainty in Hong Kong, and the soft conditions on Wall Street to fall to 524 points in mid-July. But a bout of bullishness on Wall Street saw the KLSE industrial index responding sharply...

Rubber futures

Rubber futures, introduced on the KLCE in September 1982, were transacted throughout the palm oil futures crisis...

Privatisation

PRIVATISATION IS big news in Malaysia these days as it is in Britain. The fourth Malaysia plan (1981-85), introduced by Tun Hussein Onn...



One of Penang's hotels for holidaymakers. In the tourism sector the infrastructure is now being left to private developers and the Tourist Development Corporation will concentrate on research, promotion and publicity

New Government sees financial burden as too heavy a load

Nothing sacred in drive for denationalisation

WONG SULONG

PRIVATISATION IS big news in Malaysia these days as it is in Britain. The fourth Malaysia plan (1981-85), introduced by Tun Hussein Onn, the former prime minister, is silent on the subject...



Datuk Aziz Rahman, managing director of Malaysian Airlines System, who hopes that the airline will be privatised through a quotation on the stock exchange by 1986.

including the construction of an airport. Recently, Kleinwort Benson, the London merchant bank, in association with Arab Malaysian Development Bank and an accounting firm...

Cable laying

Kleinwort Benson was involved in the sale of, among others, British Aerospace and Cable and Wireless, and is at present advising on the privatisation of British Telecom.

hospitals. Fees at government-operated hospitals are being progressively raised with the dual aim of reducing subsidised medical care and forcing those who can afford it to seek private doctors.

The rapid building up of the government stake in the private sector has also sapped the dynamism of businessmen, and privatisation, seen as an attempt to revive private enterprise.

Positive reaction

Public reaction to the privatisation programme has generally been positive, with the exception of some reservations expressed by the civil service unions. The unions fear that many jobs would be shed when services are privatised...

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